



Office of the Auditor General of Canada

---

# **2014–15**

## **Report on Plans and Priorities**

Approved

Michael Ferguson, CPA, CA  
FCA (New Brunswick)  
Auditor General of Canada

The Honourable James Michael Flaherty, P.C., M.P.  
Minister of Finance

**For more information contact**

Communications  
Office of the Auditor General of Canada  
240 Sparks Street  
Ottawa, Ontario  
Canada K1A 0G6

Telephone: 613-995-3708 or 1-888-761-5953  
Fax: 613-957-0474  
Hearing impaired only TTY: 613-954-8042  
Email: [communications@oag-bvg.gc.ca](mailto:communications@oag-bvg.gc.ca)  
Website: [www.oag-bvg.gc.ca](http://www.oag-bvg.gc.ca)

© Her Majesty the Queen in Right of Canada, represented by the Minister of Public Works  
and Government Services, 2014.

Cat. No. FA1-15/2014E-PDF  
ISSN 2292-5457

## **2014-15 Estimates**

### **PART III—Departmental Expenditure Plans: Reports on Plans and Priorities**

#### **Purpose**

Reports on plans and priorities (RPP) are individual expenditure plans for each department and agency. These reports provide details, over a three-year period, on an organization's main priorities by strategic outcome, as well as program and planned or expected results. These reports also provide links to related resource requirements presented in the Main Estimates. In conjunction with the Main Estimates, reports on plans and priorities serve to inform members of Parliament on the planned expenditures of departments and agencies, and support Parliament's consideration of supply bills. The RPPs are typically tabled soon after the Main Estimates by the President of the Treasury Board.

#### **Estimates documents**

The Estimates comprise three parts:

- Part I, Government Expenditure Plan, provides an overview of the government's requirements and changes in estimated expenditures from previous fiscal years.
- Part II, Main Estimates, supports the appropriation acts with detailed information on the estimated spending and authorities being sought by each federal organization requesting appropriations.
- Part III, departmental expenditure plans, consist of two components: reports on plans and priorities (RPPs) and departmental performance reports (DPRs). DPRs are individual department and agency accounts of results achieved against planned performance expectations as set out in respective RPPs.

In accordance with Standing Orders of the House of Commons, Parts I and II must be tabled on or before 1 March.

As for Part III, the DPRs for the most recently completed fiscal year are tabled in the fall by the President of the Treasury Board.

Supplementary Estimates support appropriation acts presented later in the fiscal year. Supplementary Estimates present information on spending requirements that were either not sufficiently developed in time for inclusion in the Main Estimates or have subsequently been refined to account for developments in particular programs and services. Supplementary Estimates also provide information on changes to expenditure forecasts of major statutory items as well as on such items as transfers of funds between votes, debt deletion, loan guarantees, and new or increased grants.

For more information on the Estimates, please consult the Treasury Board Secretariat website (<http://www.tbs-sct.gc.ca/cms-sgd/esp-pbc/esp-pbc-eng.asp>).

## **Relationship among the Estimates documents**

The various parts of the Estimates documents complement each other to give a comprehensive picture of the government's expenditures. This RPP is found in Part III of the Estimates. Whereas Part II emphasizes the financial aspect of the Estimates, Part III focuses on financial and non-financial performance information, from the perspective of planning and priorities (RPP), as well as achievements and results (DPR).

Financial information in the RPPs and DPRs are presented in a specific structure, known as the Management Resources and Results Structure (MRRS), across departments. When displaying planned spending, RPPs rely on the Estimates as a basic source of financial information.

The expenditure figures in the Main Estimates are based on the Annual Reference Level Update, which is prepared in the fall. In comparison, planned spending found in RPPs includes the Estimates as well as any other amounts that have been approved through a Treasury Board submission up to 1 February (See Definitions section). This readjusting of the financial figures allows for a more up-to-date portrait of planned spending by program.

## **How to read this document**

The RPP for the Office of the Auditor General of Canada is divided into three sections:

### **Section I: Overview**

The overview allows the reader to get a glance at the organization. It provides a description of the organization's purpose, as well as the basic financial and human resource information and a discussion of its priorities for the upcoming year. The section also includes planned expenditures. It should be noted that this section does not display any non-financial performance information related to programs (please see Section II).

### **Section II: Planning Highlights by Product Line**

This section provides detailed financial and non-financial performance information.

### **Section III: Supplementary Information**

This section provides supporting information related to the Office's plans and priorities. In this section, the reader will find information related to greening government operations, internal audits, and evaluations. The reader will also find lists of our planned reports for the 2014–15 fiscal year, as well as our performance indicators and measures.

## Definitions

### *Budgetary expenditures*

Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

### *Non-budgetary expenditures*

Net outlays and receipts related to loans, investments, and advances, which change the composition of the financial assets of the Government of Canada.

### *Expected result*

An outcome that a program is designed to achieve.

### *Full-time equivalent (FTE)*

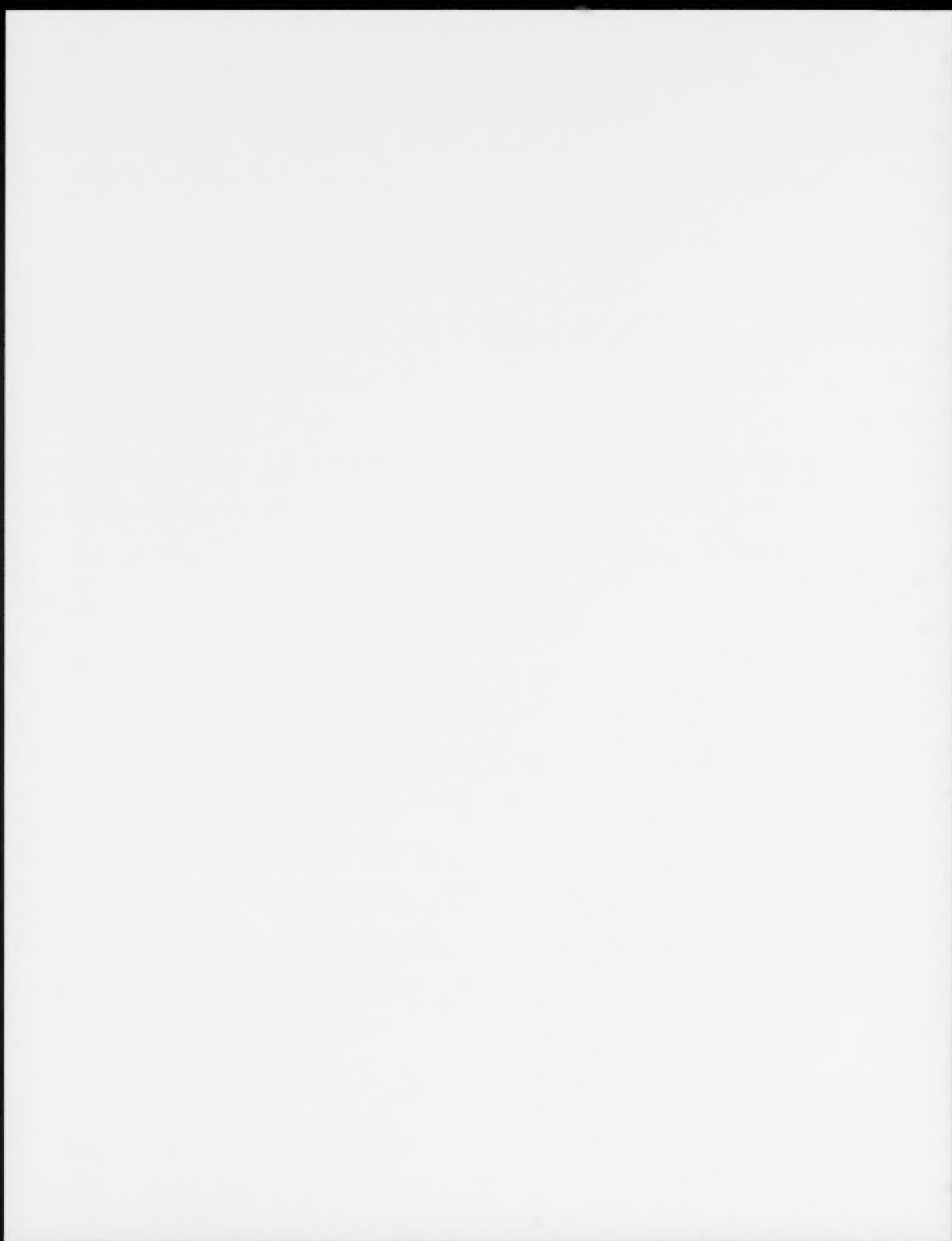
A measure of the extent to which an employee represents a full person-year charge against a departmental budget. FTEs are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

### *Planned spending*

For the purpose of the RPP, refers to those amounts for which a Treasury Board submission approval has been received by no later than 1 February 2014. This cut-off date differs from the Main Estimates process. Therefore, planned spending may include amounts incremental to planned expenditure levels presented in the 2014–15 Main Estimates.

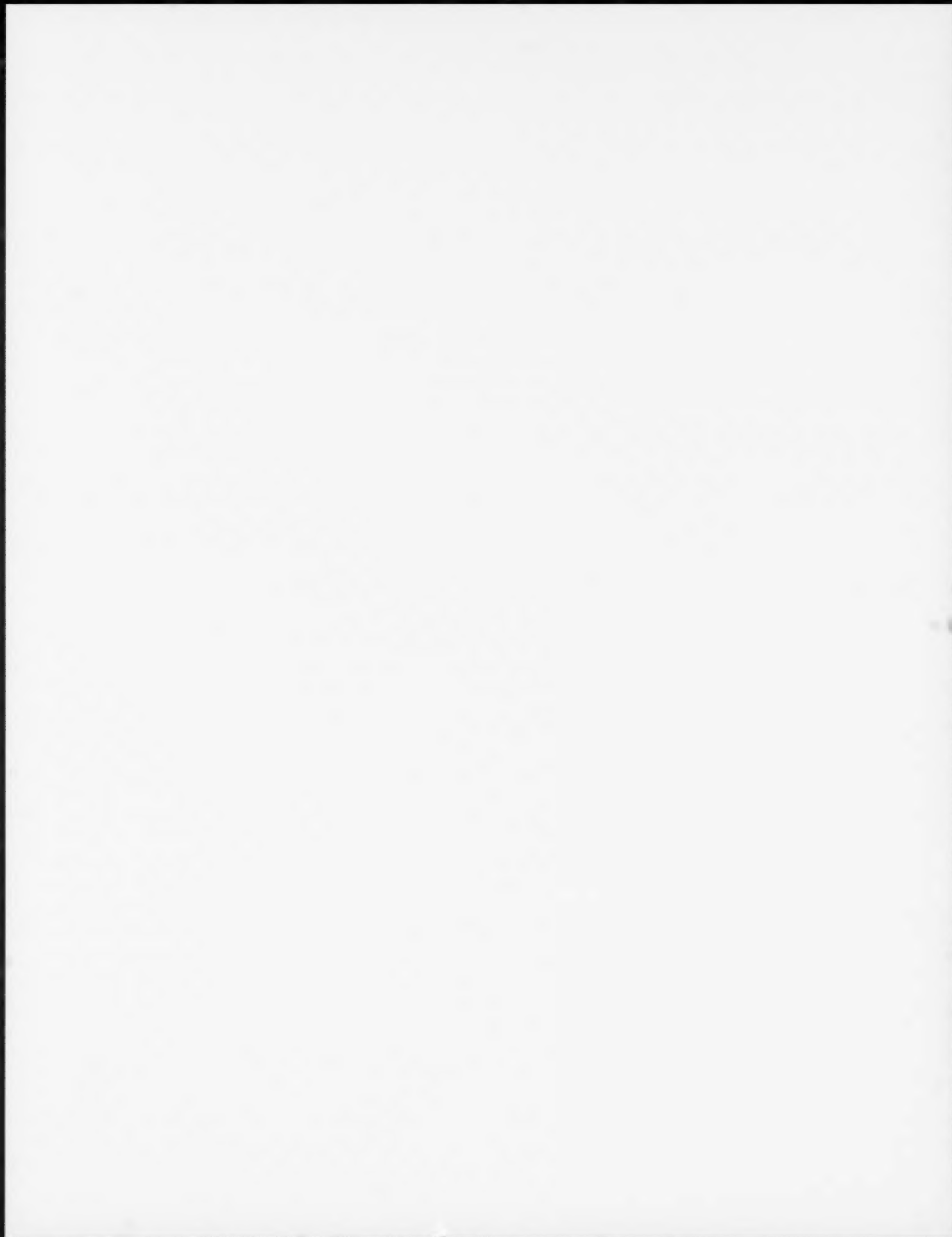
### *Strategic outcome*

A long-term and enduring benefit to Canadians that is linked to the Office's mandate, vision, and core functions.



# Table of Contents

<b>A Message from the Auditor General of Canada</b>	<b>1</b>
<b>Section I—Office Overview</b>	<b>3</b>
Organizational profile	3
Organizational context	3
Organizational priorities	8
Planned expenditures	9
Estimates by vote	11
<b>Section II—Planning Highlights by Product Line</b>	<b>13</b>
Our main legislative auditing activities	13
Our measures of organizational performance	16
<b>Section III—Supplementary Information</b>	<b>21</b>
List of supplementary information tables	21
Planned reports for 2014–15	21
Our performance indicators and measures	23





## **A Message from the Auditor General of Canada**

I am pleased to present the Office of the Auditor General of Canada's Report on Plans and Priorities for the 2014–15 fiscal year.

During the past year, we completed work on articulating a new set of strategic objectives for the Office. We also assessed our existing activities that relate to these objectives and identified four areas where we believe we can make improvements. We will be working to make progress in each of these areas in 2014–15.

First, we want to ensure that we are maximizing the value of our audits for parliamentarians, territorial legislators, Crown corporation boards of directors, and audit committees. In our financial audit practice, we are planning the preparation of an annual summary report as a means to provide parliamentarians and those we audit with additional information and insights from our financial audit work. In our performance audit practice, we are putting in place mechanisms to more clearly articulate the anticipated value from each audit and to assess the value realized from our audits.

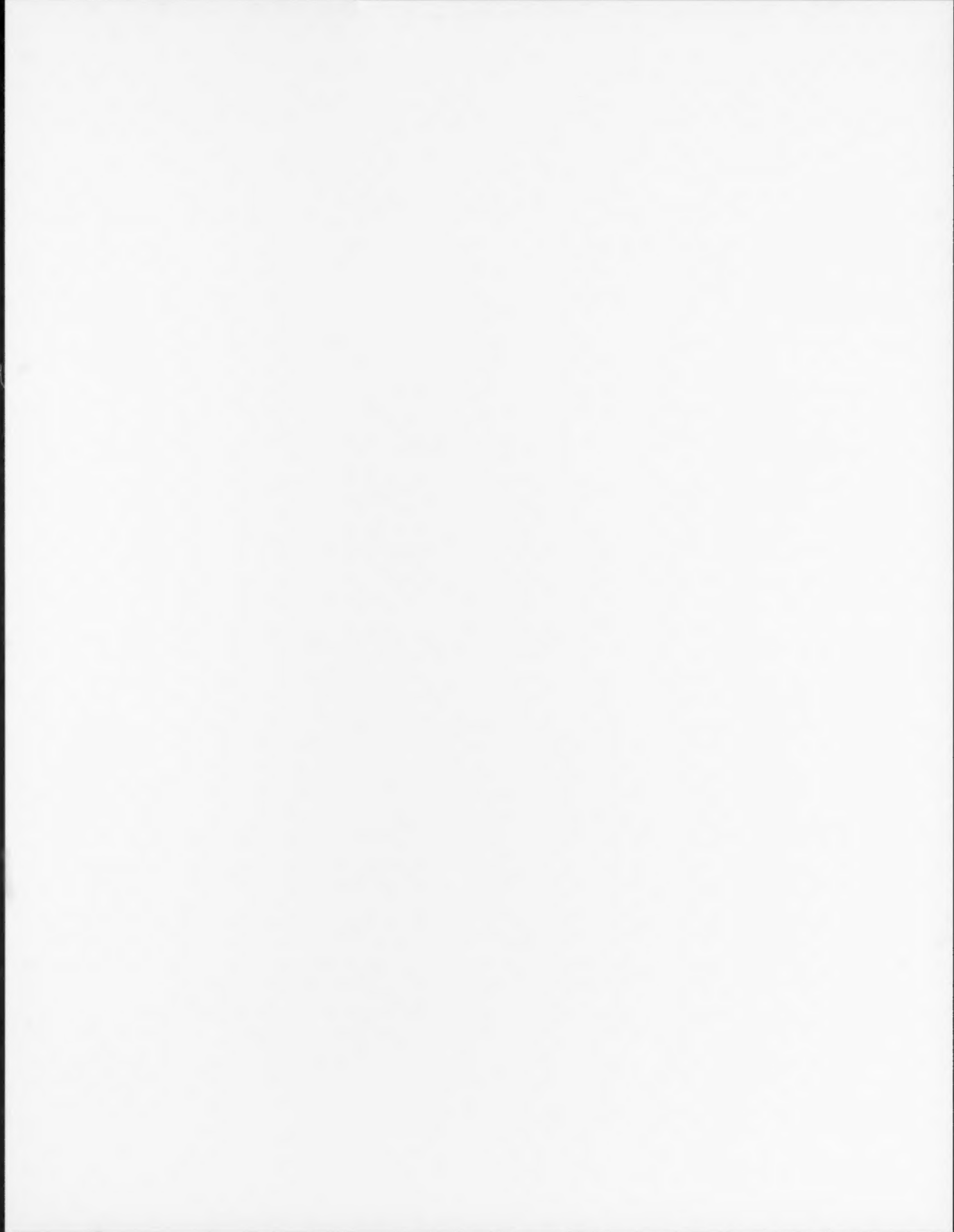
Second, we will be working to make our governance and decision-making practices and processes as efficient and economical as possible. Third, having completed the updating of our audit methodology last year, we will be looking at opportunities to make the implementation of our new audit methodology as efficient and economical as possible. Lastly, we have begun talking with our staff about ensuring that we operate in an environment where our employees feel empowered to do their work. We consider this a prerequisite to everything else we do.

In 2014–15, we will complete our action plan to reduce operating costs, based on the Strategic and Operating Review proposal that we submitted to Parliament in October 2011. Our budget shows that we will have reduced our staff levels and achieved our planned spending reduction of over \$6.5 million one year in advance of our target. While we have reduced the number of financial audits we undertake by 25 and will continue to look for efficiencies, we are confident that we can continue to serve Parliament with this reduced funding, producing audits that comply with professional standards delivered on time and on budget.

We expect to complete over 95 financial audits, 27 performance audits, and 4 special examinations in the 2014–15 fiscal year. At the request of the Senate, we are also conducting an audit of the Senate of Canada.

I would like to take this opportunity to thank all of the Office's staff for their professionalism and ongoing commitment to the Office and to Parliament.

Michael Ferguson, CPA, CA,  
FCA (New Brunswick)  
Auditor General of Canada  
3 February 2014



## Section I—Office Overview

### Organizational profile

**Auditor General:** Michael Ferguson, CPA, CA, FCA (New Brunswick)

**Year established:** 1878

**Main legislative authorities:**

*Auditor General Act*, R.S.C. 1985, c. A-17

*Financial Administration Act*, R.S.C. 1985, c. F-11

**Minister:** The Honourable James Flaherty, P.C., M.P., Minister of Finance\*

\*Although the Auditor General acts independently in the execution of his audit responsibilities, for administration purposes, the Auditor General reports on expenditures through the Minister of Finance.

### Organizational context

#### Who we are

The Office of the Auditor General of Canada is the legislative audit office of the federal government. We are the legislative auditor of the three territories (Nunavut, Yukon, and the Northwest Territories). We conduct independent audits and studies that provide objective information, advice, and assurance to Parliament, territorial legislatures, governments, and Canadians. The Commissioner of the Environment and Sustainable Development assists the Auditor General in performing those duties that relate to the environment and sustainable development. With our reports and testimony at parliamentary hearings, we assist Parliament in its work on the authorization and oversight of government spending and operations.

#### What we do

The Auditor General is an Officer of Parliament, who is independent from the government, in the execution of his work and responsibilities, and reports directly to Parliament. His duties are set out in the *Auditor General Act*, the *Financial Administration Act* (FAA), and other acts and orders-in-council. These duties relate to legislative auditing and, in certain cases, to monitoring of federal departments and agencies, Crown corporations, territorial governments, and other entities.

The Office of the Auditor General's main legislative auditing duties are

- financial audits,
- performance audits,
- special examinations, and
- sustainable development monitoring activities.

## **Financial audits**

Our financial audits provide assurance that financial statements are presented fairly, in accordance with the applicable financial reporting framework. Where required, we provide assurance that the organizations we audit comply, in all significant respects, with legislative authorities that are relevant to a financial audit. We conduct financial audits of federal and territorial Crown corporations and of other organizations. We also audit the summary financial statements of the Government of Canada and of the three territories (Nunavut, Yukon, and the Northwest Territories).

If issues or opportunities for improvement in areas such as financial reporting and internal controls come to our attention during our financial audit work, we make recommendations to management. We also provide information and advice to support audit committees in meeting their responsibilities for the oversight of financial reporting and internal control.

## **Performance audits**

Performance audits examine, against established criteria, whether government programs are being managed with due regard to economy, efficiency, and environmental impact, and whether the government has the means to measure and report on their effectiveness. Our reports contain recommendations for addressing the most serious deficiencies identified.

The *Auditor General Act* gives the Office the discretion to determine what areas of government it will examine in its performance audits. We may decide to audit a single government program or activity, an area of responsibility that involves several departments or agencies, or an issue that affects many departments and agencies. We consider requests for audits that we receive from parliamentary committees. However, the final decision about what to audit is made by the Auditor General.

## **Special examinations**

Our special examinations assess the systems and practices maintained by Crown corporations to safeguard their assets; to manage their human, physical, and financial resources economically and efficiently; and to carry out their operations effectively. A special examination provides an opinion to a Crown corporation's board of directors on whether there is reasonable assurance that there are no significant deficiencies in the corporation's systems and practices. In addition to reporting on significant deficiencies, our special examinations highlight the systems and practices that contribute to a Crown corporation's success and provide information and recommendations to boards of directors about opportunities for improvement.

All parent Crown corporations are subject to a special examination by the Office, except the Bank of Canada, which is exempt from this requirement, and the Canada Pension Plan Investment Board, which, under its Act, is subject to a special examination by an auditor chosen by its board of directors. Under the FAA, special examinations are required at least once every 10 years.

### **Sustainable development monitoring activities and environmental petitions**

The Commissioner of the Environment and Sustainable Development assists the Auditor General in performing his duties related to the environment and sustainable development. The Commissioner conducts performance audits to monitor the government's management of environmental and sustainable development issues and, on behalf of the Auditor General, reports to Parliament on issues that should be brought to its attention.

The Commissioner also administers the environmental petitions process. This task includes monitoring government responses to environmental petitions and reporting annually to Parliament on petition activities from the previous year, including instances where ministers did not respond to petitions within the 120-day time limit specified in legislation. The Office of the Auditor General considers issues raised in petitions when planning future audits.

### **Public Servants Disclosure Protection Act investigations**

Under the *Public Servants Disclosure Protection Act*, the Auditor General has the mandate to investigate disclosures by public servants of alleged wrongdoing within the Office of the Public Sector Integrity Commissioner. If we determine that allegations of wrongdoing are well-founded, we must submit a case report to Parliament.

### **Professional practices**

In order to ensure the reliability and consistency of our audit work, the Office makes an ongoing investment in professional practices. This investment supports

- the development and maintenance of up-to-date audit methodology and related training curriculum content;
- advice to auditors on the interpretation and application of professional standards and our audit methodology;
- quality assurance activities related to our ongoing audit engagements; and
- monitoring of the Office's System of Quality Control.

In addition, the Office's professional practices function acts as a National Professional Practices Group, which serves members of the Canadian Council of Legislative Auditors by offering, on an as requested basis, methodology, training, and advice.

### **International activities**

Our 2012–2017 International Strategy guides our international activities and positions the Office to meet future opportunities and challenges. The strategy has four goals:

- contributing to the development and adoption of appropriate and effective professional standards,
- sharing knowledge among audit offices,
- building capabilities and professional capacities of audit offices, and
- promoting better managed and accountable international institutions.

In order to support these goals, our international activities are focused in the following areas:

- projects that are funded by the Department of Foreign Affairs, Trade and Development;
- working groups of the International Organization of Supreme Audit Institutions (INTOSAI);
- INTOSAI Development Initiative projects; and
- other stated priorities of the federal government (for example, audits of United Nations entities).

### **Strategic outcome and expected results**

The long-term strategic outcome of the Office of the Auditor General is to contribute to better-managed government programs and better accountability to Parliament through legislative auditing.

We have identified a number of results that we expect to achieve with our audits in the short, medium, and long term.

In the short term, we want to

- engage Parliament, territorial legislatures, and federal and territorial organizations in the audit process;
- ensure that they are well-informed about our work; and
- maintain support for our role and work.

In the medium term, we want to

- assist Parliament and territorial legislatures in holding governments to account;
- ensure that our work is relevant to federal and territorial organizations, departments, agencies, and Crown corporations; and
- ensure that the public is well-informed about our work.

In the long term, we want our work to lead to more effective, efficient, and economical government programs and operations and to programs that foster sustainable development.

The following table summarizes the Office's strategic outcome, expected results, performance objectives, indicators, and targets (Exhibit 1).



Exhibit 1—Planning summary	
Strategic outcome: We contribute to a well-managed and accountable government for Canadians	
<b>Expected results</b> <ul style="list-style-type: none"> <li>Parliament and territorial legislatures are well-informed.</li> <li>Parliament, territorial legislatures, and federal and territorial organizations are engaged in the audit process.</li> <li>Parliament and territorial legislatures hold government to account.</li> <li>Our work is relevant to federal and territorial organizations, departments, agencies, and Crown corporations.</li> <li>The media and public are well-informed.</li> <li>Support for our role and work is maintained.</li> </ul>	
Objectives	Indicators and targets
Key users of our reports are engaged in the audit process.	<ul style="list-style-type: none"> <li>Percentage of audits that are reviewed by parliamentary committees: Maintain.</li> <li>Number of parliamentary hearings and briefings we participate in, relative to the number of sitting days: Maintain.</li> </ul>
Our work adds value for the key users of our reports.	Percentage of users who find that our audits add value: 90% for all audit types.
Our work adds value for the organizations we audit.	Percentage of senior managers who find that our audits add value: <ul style="list-style-type: none"> <li>80% for financial audits and special examinations</li> <li>70% for performance audits</li> </ul>
Key users of our reports and the organizations we audit respond to our findings.	<ul style="list-style-type: none"> <li>For financial audits, the percentage of qualifications and "other matters" that are addressed from one report to the next: 100%.</li> <li>For performance audits, the percentage of recommendations examined in our follow-up audits for which progress has been assessed as satisfactory: 75%.</li> </ul>

## Organizational priorities

One of our priorities for the 2013–14 fiscal year was to renew the Office's strategic plan. We have made good progress on this priority. We have identified a new set of strategic objectives having considered our organization from different points of view, including the following:

- meeting the needs of our clients,
- demonstrating sound financial management,
- building strong internal business processes, and
- ensuring the long-term growth and development of our people.

As a result of our strategic planning process, we have identified four areas for improvement:

- articulating the value of our audits,
- reviewing our governance and decision making practices,
- being efficient in the conduct of our audits, and
- empowering our staff.

We will be working on each of these in the 2014–15 fiscal year.

First, we want to ensure that we are maximizing the value of our audits for our clients, including parliamentarians, territorial legislators, boards of directors, and audit committees. In 2014–15, we will be putting in place in our performance audit practice mechanisms to articulate the anticipated value from each audit more clearly and to identify the actual value realized from each audit. We are also strengthening our practices for gathering and documenting our “knowledge of the business” of those we audit. We expect these efforts to lead to improved audit planning, to focusing our audits on areas of high potential value, and to helping us measure and report on the impact of our audit work. In our financial audit practice, we will prepare an annual summary report to provide parliamentarians and those we audit with additional value from our financial audit work.

Second, we will be reviewing our governance and decision-making practices in order to make them as efficient and economical as possible.

Third, we will be looking to make the implementation of our new audit methodology as efficient and economical as possible.

The fourth area for improvement is to ensure that we operate in an environment where our employees feel empowered to do their work. We consider this to be a prerequisite to everything else we do.

We will also be reviewing our performance measures during 2014–15 to support us in monitoring progress toward our strategic objectives. We expect to have a revised set of measures in place to report against for the 2014–15 fiscal year.



## Planned expenditures

The following table provides the Office's planned financial resources for the next three years (Exhibit 2).

<b>Exhibit 2—Financial resources (Planned spending—\$ dollars)</b>			
<b>Total budgetary expenditures<sup>1</sup> (Main Estimates) 2014-15</b>	<b>Planned spending<sup>1</sup> 2014-15</b>	<b>Planned spending 2015-16</b>	<b>Planned spending<sup>2</sup> 2016-17</b>
77,700,000	95,200,000	95,000,000	94,300,000

<sup>1</sup> The difference between total budgetary expenditures and planned spending for the 2014-15 fiscal year includes the cost of services received without charge from other government departments (\$12.7 million), and other adjustments that are routine in nature (\$4.8 million), including the carry-forward funding, parental leave and severance payments, and other differences due to accrual accounting (salary accruals and capital asset acquisition, less depreciation).

<sup>2</sup> The re-spending authority for the International Labour Organization audit expires after the completion of the 31 December 2015 audit. This will result in a reduction in the number of FTEs beginning in 2016-17.

The following table provides the Office's planned human resources for the next three years (Exhibit 3).

<b>Exhibit 3—Human resources (full-time equivalents—FTE)</b>		
<b>2014-15</b>	<b>2015-16</b>	<b>2016-17<sup>1</sup></b>
565	565	560

<sup>1</sup> The re-spending authority for the International Labour Organization audit expires after the completion of the 31 December 2015 audit. This will result in a reduction in the number of FTEs beginning in 2016-17.

The following table provides the Office's budgetary spending summary and planned spending for the fiscal years 2011–12 to 2016–17 (Exhibit 4). Exhibit 5 shows the departmental spending trend for the same period.

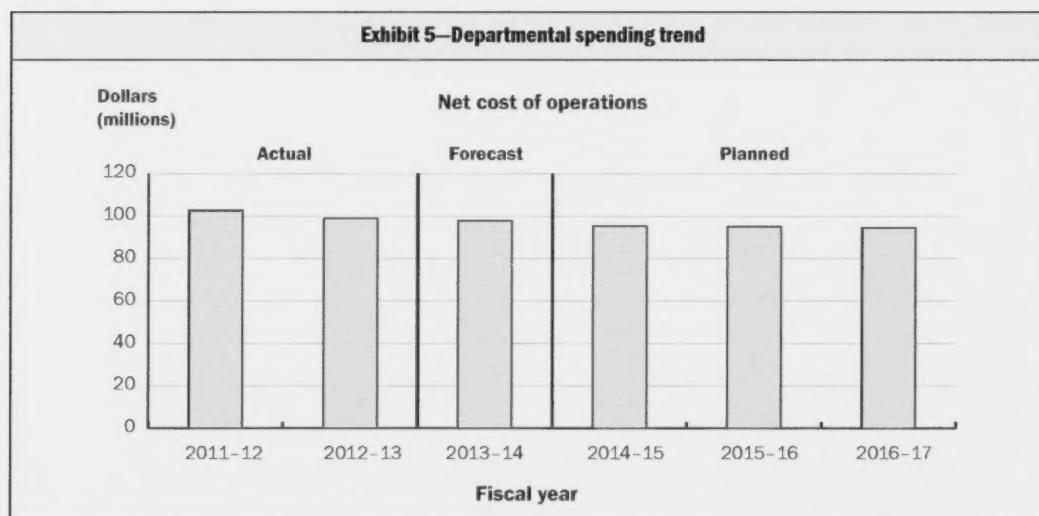
<b>Exhibit 4—Budgetary planning summary (\$ dollars)</b>						
<b>Legislative auditing activity<sup>1</sup></b>	<b>Actual spending 2011–12</b>	<b>Actual spending 2012–13</b>	<b>Forecast spending 2013–14</b>	<b>Planned spending</b>		
				<b>2014–15</b>	<b>2015–16</b>	<b>2016–17<sup>2</sup></b>
Financial audits of Crown corporations, territorial governments, and other organizations, and of the summary financial statements of the Government of Canada	47,200,000	45,200,000	42,900,000	41,900,000	41,800,000	41,200,000
Performance audits and studies	38,000,000	39,600,000	39,200,000	39,100,000	39,000,000	38,600,000
Special examinations of Crown corporations	2,700,000	2,800,000	4,400,000	5,400,000	5,500,000	5,200,000
Sustainable development monitoring activities and environmental petitions	1,300,000	1,800,000	2,000,000	1,600,000	1,600,000	1,600,000
Assessments of agency performance reports <sup>3</sup>	600,000	200,000	0	0	0	0
Professional practices	13,500,000	10,100,000	10,000,000	8,100,000	8,000,000	8,000,000
<b>Total cost of operations</b>	<b>103,300,000</b>	<b>99,700,000</b>	<b>98,500,000</b>	<b>96,100,000</b>	<b>95,900,000</b>	<b>94,600,000</b>
Less: costs recovered <sup>4</sup>	800,000	800,000	800,000	900,000	900,000	300,000
<b>Net cost of operations</b>	<b>102,500,000</b>	<b>98,900,000</b>	<b>97,700,000</b>	<b>95,200,000</b>	<b>95,000,000</b>	<b>94,300,000</b>

<sup>1</sup> We have allocated the cost of audit services to each legislative auditing activity.

<sup>2</sup> The re-spending authority for the International Labour Organization audit expires after the completion of the 31 December 2015 audit. This will result in a reduction in the number of FTEs beginning in 2016–17.

<sup>3</sup> We conducted our final assessment of agency performance reports during the 2012–13 fiscal year.

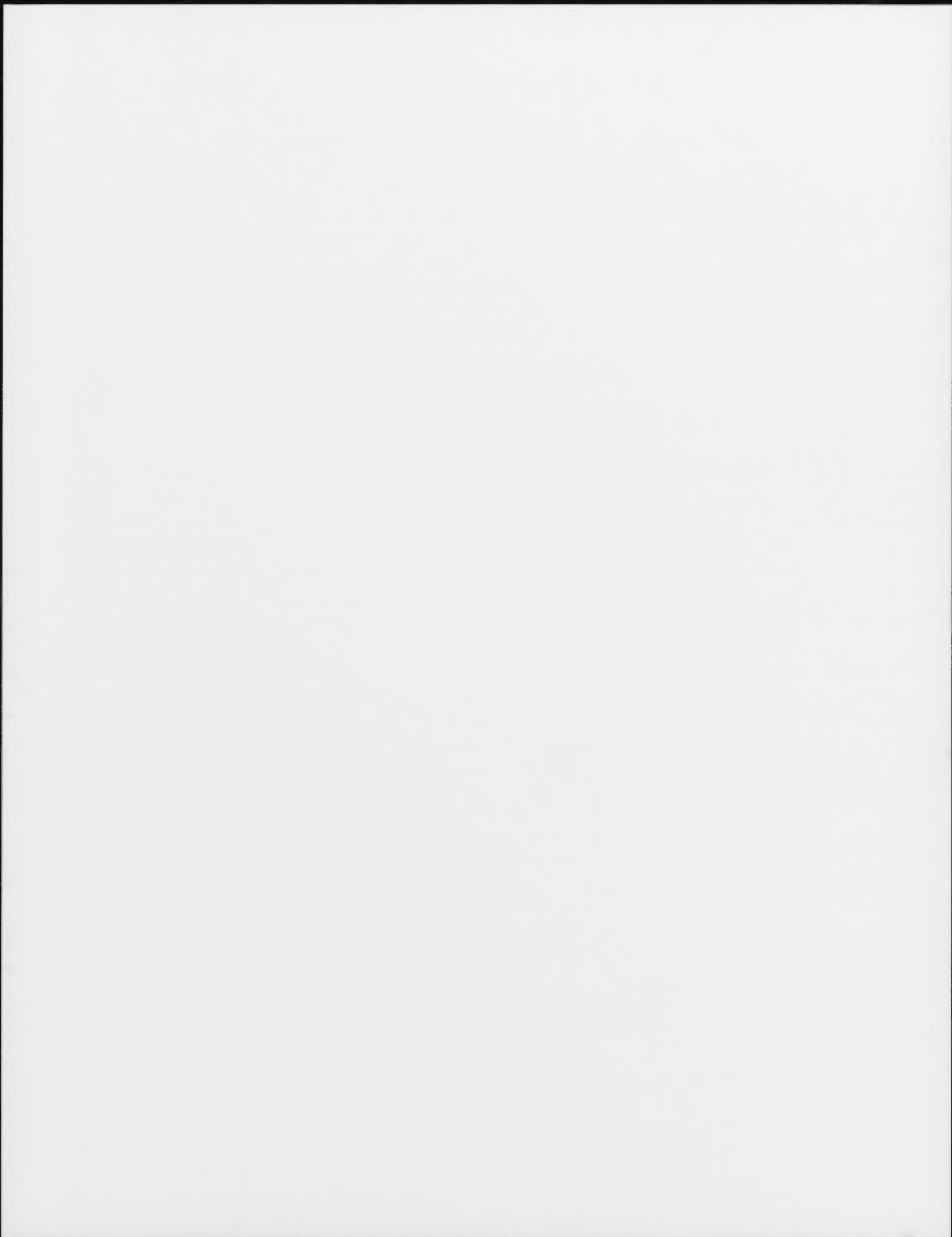
<sup>4</sup> The costs recovered include spendable revenue from the National Professional Practices Group and from the audits of the International Labour Organization, which we audit on a cost recovery basis.



The spending trend from the 2011–12 fiscal year to the 2015–16 fiscal year reflects the implementation of our action plan to reduce operating costs, based on the Strategic and Operating Review (SOR) proposal that we submitted to Parliament in October 2011.

### Estimates by vote

For information on the Office of the Auditor General's organizational appropriations, please see the 2014–15 Main Estimates publication (<http://www.tbs-sct.gc.ca/cms-sgd/esp-pbc/esp-pbc-eng.asp>).



## Section II—Planning Highlights by Product Line

### Our main legislative auditing activities

We gather information on the impact of our work and have established indicators and targets to measure the results for our three major activities: financial audits, performance audits, and special examinations. We are reviewing our performance measurement framework as part of the renewal of our strategic plan. Until that work is complete, the following sections describe the main activities, expected results, performance objectives, indicators and targets, and planned financial resources for each of our legislative audit activities using our existing measures.

A complete list of our performance indicators and targets is included in Section III—Supplementary Information.

### Financial audits of Crown corporations, territorial governments, and other organizations

Financial audits answer the following questions:

- Are the annual financial statements of Crown corporations, territorial governments, and other organizations presented fairly?
- Are federal and territorial governments presenting their overall financial situation fairly?
- Are these entities complying with their legislative authorities?

**Planning highlights.** The Office has statutory responsibilities for the audit of the summary financial statements of the Government of Canada and each of the three territorial governments, the financial statements of federal and territorial Crown corporations, and other entities. The audit of the International Labour Organization (a United Nations agency) is included, among other entities.

In the 2014–15 fiscal year, we will conduct over 95 financial audits and related assurance engagements.

The following table includes the expected results, performance objectives, indicators and targets, and planned financial resources for financial audits of Crown corporations, territorial governments, and other organizations, as well as for the audits of the summary financial statements of the Government of Canada (Exhibit 6).

Exhibit 6—Financial audits	
<b>Expected results</b> <ul style="list-style-type: none"> <li>• Parliament, territorial legislatures, and federal and territorial organizations are engaged in the audit process.</li> <li>• Parliament and territorial legislatures hold government to account.</li> <li>• Our work is relevant to federal and territorial organizations, departments, agencies, and Crown corporations.</li> </ul>	
Objectives	Indicators and targets
Our work adds value for the key users of our reports.	At least 90% of audit committee chairs find our financial audits add value.
Our work adds value for the organizations we audit.	At least 80% of senior managers from Crown corporations and large departments find our financial audits add value.
Key users of our reports and the organizations we audit respond to our findings.	100% of the reservations in our audit opinions are addressed from one financial audit to the next.
Planned financial resources 2014–15: \$41.9 million	

### Performance audits and studies of departments, agencies, and territorial legislatures

Performance audits can answer the following questions:

- Are federal and territorial government programs well managed?
- Have they been run with due regard to economy, efficiency, and their environmental effects?
- Does the government have the means to measure their effectiveness where it is reasonable and appropriate to do so?

**Planning highlights.** In 2014–15, we plan to report the findings of 28 federal and territorial performance audits. Our audit schedule for the coming year is in Section III—Supplementary Information. This compares with 30 performance audits and studies completed in 2012–13 and 29 planned for 2013–14.



The following table includes the expected results, performance objectives, indicators and targets, and planned financial resources for performance audits and studies (Exhibit 7).

<b>Exhibit 7—Performance audits and studies</b>	
<b>Expected results</b> <ul style="list-style-type: none"> <li>• Parliament, territorial legislatures, and federal and territorial organizations are engaged in the audit process.</li> <li>• Parliament and territorial legislatures hold government to account.</li> <li>• Our work is relevant to federal and territorial organizations, departments, agencies, and Crown corporations.</li> </ul>	
<b>Objectives</b>	<b>Indicators and targets</b>
Key users of our reports are engaged in the audit process.	<ul style="list-style-type: none"> <li>• Maintain the percentage of performance audits reviewed by parliamentary committees.</li> <li>• Maintain the ratio of parliamentary hearings and briefings we participate in, relative to the number of sitting days.</li> </ul>
Our work adds value for the key users of our reports.	At least 90% of selected parliamentary committee members find our performance audits add value.
Our work adds value for the organizations we audit.	At least 70% of departmental senior managers find our performance audits add value.
Key users of our reports, and the organizations we audit, respond to our findings.	Progress on at least 75% of recommendations examined in our follow-up audits has been assessed as satisfactory.
<b>Planned financial resources 2014–15: \$39.1 million</b>	

### **Special examinations**

A special examination of a Crown corporation answers the following question:

Do the systems and practices used by the Crown corporation provide reasonable assurance that assets are safeguarded, that resources are managed economically and efficiently, and that operations are carried out effectively?

**Planning highlights.** During a 10-year period, the Office performs special examinations of about 43 federal Crown corporations. In the 2014–15 fiscal year, we plan to complete examinations of Via Rail Canada Inc., the Canadian Air Transport Security Authority, the Royal Canadian Mint, and Canada Lands Company Limited.

The following table includes the expected results, performance objectives, indicators and targets, and planned financial resources for special examinations of Crown corporations (Exhibit 8).

<b>Exhibit 8—Special examinations</b>	
<b>Expected results</b> <ul style="list-style-type: none"> <li>• Parliament and federal organizations are engaged in the audit process.</li> <li>• Parliament holds government to account.</li> <li>• Our work is relevant to Crown corporations.</li> </ul>	
<b>Objectives</b>	<b>Indicators and targets</b>
Our work adds value for the key users of our reports.	At least 90% of board chairs find our special examinations add value.
Our work adds value for the organizations we audit.	At least 80% of Crown corporation chief executive officers find our special examinations add value.
<b>Planned financial resources for 2014–15: \$5.4 million</b>	

## **Our measures of organizational performance**

We measure and manage our performance as an organization in a number of ways. As part of our strategic plan renewal, we are reviewing the indicators used to measure organizational performance. Until that work is completed, the following section describes three key areas of our performance and the objectives, indicators, and targets that we measure our performance against using our existing indicators.



## Delivering our work on time and on budget

The following table includes the objectives, indicators, and targets for delivering our work on time and on budget (Exhibit 9).

Exhibit 9—Delivering our work on time and on budget	
Objectives	Indicators and targets
<i>Financial audits</i>	
On time <sup>1</sup>	<ul style="list-style-type: none"> <li>• 100% of financial audits of federal Crown corporations are completed on time.</li> <li>• 100% of financial audits of other federal organizations with a statutory deadline are completed on time.</li> <li>• At least 80% of financial audits of federal organizations with no statutory deadline are completed on time.</li> <li>• At least 60% of financial audits of territorial organizations are completed on time.</li> </ul>
On budget <sup>2</sup>	At least 80% of financial audits are completed on budget.
<i>Performance audits</i>	
On time	At least 90% of performance audit reports are completed by the planned tabling date, as published in the Report on Plans and Priorities.
On budget	At least 80% of performance audits are completed on budget.
<i>Special examinations</i>	
On time	100% of special examination reports are delivered on or before the statutory deadline.
On budget	At least 80% of special examinations are completed on budget.

<sup>1</sup> On time for financial audits means the statutory deadline, where one exists (usually 90 days after year end), or 150 days after the year end, where no statutory deadline exists.

<sup>2</sup> On budget means that the actual hours taken to complete an audit did not exceed the budgeted hours by more than 15 percent.

## Ensuring that our audit reports are reliable

Our audit work is guided by a rigorous methodology and System of Quality Control. Our System of Quality Control is based on professional standards and Office policies. It guides auditors through a set of steps they must follow during their audits. Annual internal reviews and periodic external peer reviews provide the Auditor General with opinions on whether our audits are conducted in accordance with professional standards, and whether our System of Quality Control is appropriately designed and effectively implemented. Annual internal

reviews also conclude on whether the opinions and conclusions contained in our audit reports are appropriate. We report publicly on the results of these reviews in order to provide assurance to members of Parliament and the public that they can rely on the opinions and conclusions contained in our audit reports.

The Office's Practice Review and Internal Audit Plan, as well as the reports, can be found on the Office of the Auditor General website. A list of the internal audits planned is included in the supplementary tables.

External reviews conducted by the provincial institutes of chartered accountants and chartered professional accountants conclude on whether we are following professional standards.

The following table includes the objectives, indicators, and targets for ensuring that our audit reports are reliable (Exhibit 10).

<b>Exhibit 10—Ensuring that our audit reports are reliable</b>	
<b>Objectives</b>	<b>Indicators and targets</b>
Our audit reports are reliable.	100% of internal practice reviews find the opinions and conclusions expressed in our audit reports are appropriate and supported by the evidence.
Our System of Quality Control is suitably designed and operating effectively.	100% of internal practice reviews and external reviews find our System of Quality Control is suitably designed and operating effectively.

### **Providing a respectful workplace**

The Office is committed to creating and maintaining a respectful workplace. Employees are guided in their work and their conduct by a balanced framework of professional, ethical, and people values that are outlined in the Office's Code of Values, Ethics and Professional Conduct. Our code was renewed effective 4 October 2012. The code is shared with all employees when they join our organization, and they must re-confirm their adherence to it on an annual basis.

Respectful workplace practices are included in the competency profiles for each group and level within the Office. These competencies are used in employee staffing, management, promotion, and evaluation activities. Furthermore, 50 percent of managers' performance pay is tied to their demonstration of effective people management skills, which includes the promotion of a respectful workplace.

Our mandatory professional development program includes training on respectful communication and management practices. We recently introduced a new Respectful Workplace Policy, with mechanisms available to support employees who may feel that they have been the target of disrespectful, harassing, or discriminatory behaviour in the workplace. Our Respectful Workplace Advisors provide advice and assistance to staff at all levels, and the Respectful Workplace Complaints Coordinator reports directly to the Auditor General on matters related to formal complaints.

The following table includes the objectives, indicators, and targets for providing a respectful workplace at the Office (Exhibit 11).

<b>Exhibit 11—Providing a respectful workplace</b>	
<b>Objectives</b>	<b>Indicators and targets</b>
Overall employee satisfaction	At least 80% of employees believe the Office is either an above-average place to work or one of the best places to work.
Bilingual workforce	<ul style="list-style-type: none"> <li>• The Auditor General and 100% of principals and assistant auditors general meet our language requirements.</li> <li>• At least 75% of directors in bilingual regions meet our language requirements.</li> </ul>
Diverse workforce	100% representation relative to workforce availability for women, people with disabilities, Aboriginal peoples, and members of visible minorities.
Employee retention	At least 90% retention of audit professionals.

### **Contribution to Sustainable Development**

The Office of the Auditor General contributes to the achievement of sustainable development by considering matters of importance regarding the environment and sustainable development when selecting, planning, and conducting performance audits. Ensuring that the Office diligently considers the risks to sustainable development during the audit process is one of the goals of the Office's 2014–2016 sustainable development strategy. The Office's sustainable development strategy also has a goal of minimizing the environmental footprint of the Office's operations. The activities being undertaken by the Office in support of this goal include reinforcing the Office's Green Team, improving our green procurement of goods and services, and advancing our green travel practices.

The following table includes the objectives, indicators, and targets relating to our contribution to sustainable development (Exhibit 12).

Exhibit 12—Contribution to Sustainable Development	
Objectives	Indicators and targets
Continue ensuring that all teams that conduct performance audits and special examinations apply the 4th E Practice Guide (environmental practice guide).	Percentage of performance audit teams using the 4th E Practice Guide's screening tool and consulting with internal environmental specialists to identify and assess environmental risks when they are preparing audit plans: 100%
	Percentage of performance audit teams using the 4th E Practice Guide's screening tool and consulting with internal environmental specialists to determine if there are any important environmental issues related to their audit topic: 100%
	Percentage of special examinations where important environmental risks for Crown corporations have been identified receiving enhanced support and advice: 100%

## **Section III—Supplementary Information**

### **List of supplementary information tables**

The following supplementary tables and information can be found on the Office of the Auditor General website at [http://www.oag-bvg.gc.ca/internet/English/acc\\_lp\\_e\\_9377.html](http://www.oag-bvg.gc.ca/internet/English/acc_lp_e_9377.html):

- Internal audits planned for the 2014–15 fiscal year
- Green procurement

### **Planned reports for 2014–15**

#### **Reports to Parliament**

##### **Spring 2014: Report of the Auditor General of Canada**

- Public Sector Pension Plans
- Expanding the Capacity of Penitentiaries
- First Nations' Policing Program
- Procuring Relocation Services
- Aggressive Tax Planning—Canada Revenue Agency
- Transfer Payment Programs—Canadian Northern Economic Development Agency
- Outsourcing Building Management Services—Public Works and Government Services Canada
- Meeting the Needs for Key Statistical Data—Statistics Canada
- Special Examinations of Crown Corporations—2013

##### **June 2014: Report of the Auditor General of Canada**

- Environmental Review at Export Development Canada

##### **Fall 2014: Report of the Auditor General of Canada**

- Responding to International Crises
- International Criminal Justice and Cooperation
- Providing Health Services to Veterans
- Providing Relocation Services
- Nutrition North Canada—Aboriginal Affairs and Northern Development Canada
- Canadian Documentary Heritage
- Support to the Automotive Sector

### **Fall 2014: Report of the Commissioner of the Environment and Sustainable Development**

- Mitigating Climate Change
- Monitoring the Environmental Impact of Oil Sands
- Marine Transportation in the Arctic
- Sustainable Development of Commercial Fisheries
- Implementation of the *Canadian Environmental Assessment Act, 2012*
- Departmental Progress in Implementing Sustainable Development Strategies
- Environmental Petitions Annual Report

### **December 2014: Report of the Auditor General of Canada**

- Audit of the Senate of Canada

### **Reports to Northern Legislatures**

#### **Spring 2015: Reports of the Auditor General of Canada**

- Northwest Territories—Department of Justice
- Yukon—Department of Justice
- Nunavut—Department of Justice



## Our performance indicators and measures

The following tables summarize our targets for the 2014–15 fiscal year, and our targets and actual performance for the 2012–13 fiscal year, which is the most recent year for which we have actual results (Exhibits 13 and 14).

<b>Exhibit 13—Summary of our indicators of impacts</b>			
<b>Objectives and indicators</b>	<b>2012–13 Actual</b>	<b>2012–13 Target</b>	<b>2014–15 Target</b>
<b>Our work adds value for the key users of our reports</b>			
Percentage of audit committee chairs who find our financial audits add value	91%	90%	90%
Percentage of parliamentary committee members who find our performance audits add value	96%	90%	90%
Percentage of board chairs who find our special examinations add value	n/a <sup>1</sup>	90%	90%
<b>Our work adds value for the organizations we audit</b>			
Percentage of senior managers from Crown corporations and large departments who find our financial audits add value	88%	80%	80%
Percentage of departmental senior managers who find our performance audits add value	75%	70%	70%
Percentage of Crown corporation chief executive officers who find our special examinations add value	n/a <sup>1</sup>	80%	80%
<b>Key users of our reports are engaged in the audit process</b>			
Number of parliamentary hearings and briefings we participate in	Decrease from 29 to 27	Maintain or increase <sup>2</sup>	Maintain or increase <sup>2</sup>
Percentage of hearings and briefings relative to sitting days	Decrease from 28% to 21%	Maintain or increase <sup>2</sup>	Maintain or increase <sup>2</sup>
Percentage of performance audits reviewed by parliamentary committees	Decrease from 43% to 30%	Maintain or increase <sup>2</sup>	Maintain or increase <sup>2</sup>
<b>Key users of our reports and the organizations we audit respond to our findings</b>			
Percentage of reservations that are addressed from one financial audit to the next	61% <sup>3</sup>	100%	100%
Percentage of recommendations examined in our follow-up audits where progress has been assessed as satisfactory	72%	75%	75%

<sup>1</sup> Due to the small number of respondents, percentage results are not presented. The feedback we have received has been positive and consistent with our targets.

<sup>2</sup> There is no numeric target for these indicators. Instead, the target is to maintain the percentage of parliamentary hearings and briefings we participate in, relative to the number of sitting days, and to maintain the percentage of audits reviewed by parliamentary committees.

<sup>3</sup> In completing our financial audits in 2012–13, we found that 11 of the 18 qualifications and “other matters” contained in our 2011–12 financial audit opinions had been addressed by the organizations we audited.

<b>Exhibit 14—Summary of our organizational performance</b>			
<b>Objectives and indicators</b>	<b>2012-13 Actual</b>	<b>2012-13 Target</b>	<b>2014-15 Target</b>
<b>Our work is completed on time<sup>1</sup></b>			
Percentage of financial audits completed on time			
• federal Crown corporations with statutory deadlines	96%	100%	100%
• other federal organizations with statutory deadlines	91%	100%	100%
• federal organizations with no statutory deadlines	93%	80%	80%
• territorial organizations	83%	60%	60%
Percentage of performance audit reports completed by the planned tabling date, as published in the Report on Plans and Priorities	100%	90%	90%
Percentage of special examination reports delivered on or before the statutory deadline	100% (3 of 3)	100%	100%
<b>Our work is completed on budget<sup>2</sup></b>			
Percentage of audits completed on budget			
• Financial audits—federal Crown corporations	84%	80%	80%
• Financial audits—other federal organizations with statutory deadlines	91%	80%	80%
• Financial audits—federal organizations without statutory deadlines	100%	80%	80%
• Financial audits—territorial organizations	81%	80%	80%
• Performance audits	69%	80%	80%
• Special examinations	100% (3 of 3)	80%	80%
<b>Our audit reports are reliable</b>			
Percentage of internal practice reviews that find the opinions and conclusions expressed in our audit reports are appropriate and supported by the evidence	100% (14 of 14)	100%	100%
External peer reviews find our System of Quality Control is suitably designed and operating effectively	n/a <sup>3</sup>	Yes	Yes
<b>We provide a respectful workplace</b>			
Percentage of employees who believe the Office is an above-average place to work	83%	80%	80%
Percentage of managers who meet our language requirements			
• Assistant auditors general and principals as well as the Auditor General	84%	100%	100%
• Directors in bilingual regions	79%	75%	75%



Exhibit 14—Summary of our organizational performance (continued)			
Objectives and indicators	2012-13 Actual	2012-13 Target	2014-15 Target
Percentage representation relative to workforce availability for			
• Women	123%	100%	100%
• People with disabilities	98%	100%	100%
• Aboriginal peoples	104%	100%	100%
• Members of visible minorities	107%	100%	100%
Percentage retention of audit professionals	92%	90%	90%
<b>Sustainable development targets</b>			
• Percentage of performance audit teams using the 4th E Practice Guide's screening tool and consulting with internal environmental specialists to identify and assess environmental risks when they are preparing audit plans	80%	100%	100%
• Percentage of performance audit teams using the 4th E Practice Guide's screening tool and consulting with internal environmental specialists to determine if there are any important environmental issues related to their audit topic	100%	100%	100%
• Percentage of special examinations where important environmental risks for Crown corporations have been identified receiving enhanced support and advice	100%	100%	100%

<sup>1</sup> "Time" for financial audits means the statutory deadline where one exists (usually 90 days after year end), or 150 days after the year end where no statutory deadline exists.

<sup>2</sup> "On budget" means that the actual hours to complete an audit did not exceed the budgeted hours by more than 15 percent.

<sup>3</sup> Our most recent external peer review (2009-10) found that our System of Quality Control was suitably designed and is operating effectively overall.